

FEB 24 2005

STATE OF ARIZONA
DEPARTMENT OF INSURANCE

DEPT OF INSURANCE
BY 

In the Matter of:

Docket No. 05A-035-INS

AMERICAN COMMERCE INSURANCE COMPANY,

NAIC # 19941,

Respondent.

CONSENT ORDER

Examiners for the Department of Insurance (the "Department") conducted a market conduct examination of American Commerce Insurance Company ("ACIC"). In the Report of Examination of the Market Conduct Affairs of ACIC, the Examiners allege that ACIC violated A.R.S. § 20-2110.

ACIC wishes to resolve this matter without formal proceedings, admits that the following Findings of Fact are true, and consents to the entry of the following Conclusions of Law and Order.

FINDINGS OF FACT

1. ACIC is authorized to transact property and casualty insurance pursuant to a Certificate of Authority issued by the Director.

2. The Director authorized the Examiners to conduct a target market examination of ACIC. The examination covered the time period from January 1, 2002 to December 31, 2003 and was concluded on October 29, 2004. Based on their findings, the Examiners prepared the "Report of Target Market Examination of American Commerce Insurance Company" dated December 31, 2003.

3. The Examiners reviewed 50 of 277 personal automobile and 50 of 253 homeowners new business declinations, 100 of 5,433 personal automobile and 50 of 2,957 homeowners cancellations, and 50 of 51 personal automobile and 50 of 251 homeowners non-renewals processed by the Company during the time frame of the

1 examination and found that ACIC's procedures concerning cancellations, non-
2 renewals, and declinations failed to require that all policyholders and applicants receive
3 a compliant Summary of Rights in the event of an adverse underwriting decision.

4
5 **CONCLUSIONS OF LAW.**

6 1. ACIC violated A.R.S § 20-2110(A) by failing to provide policyholders and
7 applicants with a compliant Summary of Rights in the event of an adverse underwriting
8 decision.

9 2. Grounds exist for the entry of the following Order in accordance with
10 A.R.S. § 20-220.

11
12 **ORDER**

13 **IT IS HEREBY ORDERED THAT:**

14 1. American Commerce Insurance Company shall cease and desist from
15 failing to provide a compliant Summary of Rights to its policyholders and applicants in
16 the event of an adverse underwriting decision.

17 2. Within 90 days of the filed date of this Order, ACIC shall submit to the
18 Arizona Department of Insurance, for approval, evidence that corrections have been
19 implemented and communicated to the appropriate personnel, regarding the issues
20 outlined in Paragraph 1 of the Order section of this Consent Order. Evidence of
21 corrective action and communication thereof includes, but is not limited to, memos,
22 bulletins, E-mails, correspondence, procedures manuals, print screens, and training
23 materials.

24 3. The Department shall be permitted, through authorized representatives,
25 to verify that ACIC has complied with all provisions of this Order.

4. ACIC shall pay \$27,500.00 to the Director for remission to the State Treasurer for deposit in the State General Fund in accordance with A.R.S. § 20-220(B). The payment shall be provided to the Market Oversight Division of the Department prior to the filing of this Order.

5. The Report of Target Market Examination of American Commerce Insurance Company as of December 31, 2003, including the letter accepting the Report of Examination, shall be filed with the Department upon the filing of this Order.

DATED at Phoenix, AZ this 23rd day of February, 2005.


Christina Urias
Director of Insurance

1 **CONSENT TO ORDER**

2 1. American Commerce Insurance Company has reviewed the foregoing
3 Order.

4 2. American Commerce Insurance Company admits the jurisdiction of the
5 Director of Insurance, State of Arizona, admits the foregoing Findings of Fact, and
6 consents to the entry of the Conclusions of Law and Order.

7 3. American Commerce Insurance Company is aware of the right to a
8 hearing, at which it may be represented by counsel, present evidence and cross-
9 examine witnesses. American Commerce Insurance Company irrevocably waives the
10 right to such notice and hearing and to any court appeals related to this Order.

11 4. American Commerce Insurance Company states that no promise of any
12 kind or nature whatsoever was made to it to induce it to enter into this Consent Order
13 and that it has entered into this Consent Order voluntarily.

14 5. American Commerce Insurance Company acknowledges that the
15 acceptance of this Order by the Director of the Arizona Department of Insurance is
16 solely for the purpose of settling this matter and does not preclude any other agency or
17 officer of this state or its subdivisions or any other person from instituting proceedings,
18 whether civil, criminal, or administrative, as may be appropriate now or in the future.

19 6. Gregory S. Clark, who holds the office of Vice President,
20 Underwriting/Operations of American Commerce Insurance Company, is authorized to
21 enter into this Order for them and on their behalf.

22 **AMERICAN COMMERCE INSURANCE COMPANY**

23 2/8/05
24 Date

By



1 COPY of the foregoing mailed/delivered
2 this 24th day of February , 2005, to:

3 Gerrie Marks

Deputy Director

4 Mary Butterfield

Assistant Director

5 Consumer Affairs Division

6 Paul J. Hogan

Market Oversight Administrator

7 Market Oversight Division

8 Deloris E. Williamson

Assistant Director

Rates & Regulations Division

9 Steve Ferguson

Assistant Director

10 Financial Affairs Division

Alan Griffieth

11 Chief Financial Examiner

Alexandra Schafer

Assistant Director

12 Life and Health Division

13 Terry L. Cooper

14 Fraud Unit Chief

15 DEPARTMENT OF INSURANCE

16 2910 North 44th Street, Suite 210

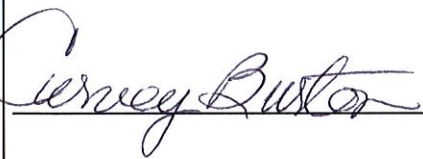
17 Phoenix, AZ 85018

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19
20 S. David Childers

Low & Childers, P.C.

21 2999 North 44th Street, Suite 250

22 Phoenix, Arizona 85018

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